REGULAR MEETING - MAY 2, 2019

The Mayor and City Council met in regular session on Thursday, May 2, 2019 in the Council Chambers of City Hall, located at 114 West Sycamore Street, Lincolnton, NC 28092.

Mayor Hatley called the meeting to order and led the Pledge of Allegiance.

Council members in attendance were:

WHITE WATSON EADDY JETTON

Council woman White made the motion unanimously approved the *REGULAR AGENDA.*

Councilman Eaddy made the motion unanimously approved the *CONSENT AGENDA* as follows:

- Approved the April 4th Regular Meeting Minutes
- Approved a Proclamation for National Nursing Home Week – May 12th through May 18th, 2019
- Approved the following CALLS TO PUBLIC HEARING for the June 6th City Council Meeting:
  ZMA-3-2019 - Application from Steve and Jeannie Bailey requesting the rezoning of approximately 0.512 acres of land from Residential Office (R-O) to Central Business (C-B). The subject properties are located at the southeast corner of North Academy Street and East Sycamore Street, 224 North Academy Street (PID 00657 and 82410)
  ZTA-1-2019 – Application from Lincolnton Planning Department requesting an amendment to Section 153.185 (Off Street Parking Requirements) of the Unified Development Ordinance to eliminate the current requirement for handicapped parking spaces to be provided in addition to other required off-street parking spaces.
  ZTA-2-2019 – Application from Lincolnton Planning Department requesting an amendment to Section 153.170 (signs in the Central Business District and Central Business District

Transitional) to allow cantilevered ground signs subject to certain standards and conditions.

REGULAR MEETING - MAY 2, 2019

REGULAR AGENDA:

RECOGNITION OF THE 2018-19 LINCOLNTON STUDENT ADVISORY COUNCIL:

Jill S. Eaddy, Advisor, recognized the Student Advisory Council members for the 2018-19 year. Jill recognized the following students from their respective schools:

EAST LINCOLN:

Emma White – Sr. Jud Reel – Sr. MacKenzie Marino – Sr.
Cole Johnston – Sr. Jenna Land – Sr.

WEST LINCOLN:

Dylan Smith – Sr. Mattie Wyant – Sr. Kaley Pearson – Sr.
Hannah Turner – Sr. Isabella Shutt – Jr. Alexa Bieberich – Jr.
Cade McConnell – Jr.

LINCOLN CHARTER SCHOOL:

Rebecca Quesada – Sr Kevin Rojas – Jr.

LINCOLNTON HIGH SCHOOL:

Ashlyn Rhyne – Sr. Chloe Lineberger – Sr. Kyle Burgin – Jr.
Bailey Reed – Jr. Allie Blackburn – Jr. Ashley Logan – Sr.

NORTH LINCOLN HIGH SCHOOL:

Grady Bartro – Sr. Allison File – Sr. Sharidan Farris – Jr.
Grace Holbrooks – Sr. Melanie “Lanie” Jordan – Jr.

Members that were in attendance came forwarded and received a City lapel pin from Mayor Hatley. Their family members were recognized as well.

Jill told Council that the desired goal of this Council is to identify issues within the community and to learn the proper channels to address the issues, having a better understanding of how government works. She said, "They only meet eight times per year, and sometime they pass on goals and some are carried over from year to year."

Jud Reel spoke on behalf of the Business Committee; Grady Bartro spoke on behalf of the Schools Committee; Lanie Jordan spoke on behalf of the Opportunities Committee; Hannah Turner and Ashlyn Rhyne spoke on behalf of the Community Committee.

Mayor and City Council thanked Mrs. Eaddy for her role in serving as advisor to this group since its inception, and they thanked the students for their commitment to the betterment of the Lincolnton community.

CONSIDERATION OF AWARDING CHEMICAL BIDS FOR THE WATER ANDWASTEWATER TREATMENT PLANT:

(C-11-19)

Robert Pearson, Water Resources Director reviewed the respective low bidders for Chemical Company contracts as follows:

WATER TREATMENT CHEMICALS:

Liquid Alum 8.23% - Chemtrade Chemicals US LLC @ $0.7425 (Liquid Alum)
Caustic Soda 50% - Univar USA, Inc. @ 1.863 (per liquid gallon)
Chlorine – Harcros Chemicals, Inc. @ 598.00 (per cylinder)
Orthophosphate 33% - Univar USA, Inc. @ $ 3.099 (per liquid gallon)
Liquid Sodium Bisulfite (55 gal drums) Brenntag Mid-South, Inc. @ $ 107.00 per drum
Activated Carbon – Brenntage Mid-South, Inc. @ $ 31.75 per 50 lb bag

WASTEWATER CHEMICALS:

Liquid Sodium Hypochlorite 10% - Brenntag Mid-South, Inc. @ $ 0.6075 per liquid gallon
Liquid Sodium Bisulfite 38% - Brenntag Mid-South @ $ 1.54 per liquid gallon

Councilman Eaddy made the motion unanimously approved to award the bids as recommended.

CONSIDERATION OF OFFER FROM CATAWBA LANDS CONSERVANCY TO CONVEY PROPERTY TO THE CITY OF LINCOLNTON:

Laura Elam, Planning Director, told Council that the Catawba Lands Conservancy has offered to donate a 14 acre site located on Massapoag Road to the City.

She said, "The Conservancy is in the process of purchasing the property through a grant from the North Carolina Clean Water Management Trust Fund for water quality preservation purposes. The Conservancy would like either the City or County to take ownership of and maintain the property in accordance with the Clean Water Management Trust Fund grant program provisions."

Laura reviewed the following steps for the potential use of the property and steps to acquire the property

<u>PHASE 4 OF THE RAIL TRAIL:</u>
We are currently working on Phase 4 of the Rail Trail and will be coordinating with Norfolk Southern to purchase or obtain access rights to their rail right-of-way between the rail trail at Motz Avenue and the Rhyne (South Fork) trail.

If the City chooses to accept the Conservancy's offer and take ownership of the Massapoag Road parcel, it would provide the City the opportunity to create additional public amenities such as an additional trail connection between the future extended Rail Trail and the South Fork River, kayak/canoe access, benches, litter receptacles and a public parking area near Massapoag Road.

<u>COVENANTS AND RESTRICTIONS:</u>
There will be permanent land use restrictions on the property in accordance with the terms of the grant from the North Carolina Clean Water Management Trust Fund. In the event the City chooses to take ownership of the property, it will be conveyed with perpetual covenants and restrictions that permanently limit the usage in order to preserve the water quality of the South Fork River. The allowable uses will be limited to passive recreational uses. (See attached draft Declaration of Covenants and Restrictions.)

<u>RESOLUTION OF ENVIRONMENTAL ISSUES:</u>
A Phase I environmental site assessment of the property was performed last year and identified potential environmental issues. A Phase II environmental site assessment has now been completed. PCB's were detected in two of the samples collected from the same location on the site. However, the detection was below both the residential and industrial regulatory action standard for PCBs which both the State and EPA follow. No further assessment or cleanup would be required by either agency and the soil has not been impacted to a degree that prevents the site's intended reuse.

She concluded recommending that City Council approve the offer of donation of property from the Catawba Lands Conservancy

Councilman Watson made the motion unanimously approved to accept the offer as recommended. The City Attorney will prepare the necessary paperwork for signatures.

OFFICIAL PRESENTATION OF THE 2019-20 BUDGET – PROPOSED FEE SCHEDULE – BUDGET MESSAGE –

Steve Zickefoose, City Manager, officially presented the proposed 2019-20 fiscal year budget. He said the total proposed budget totals $ 29,036,999.00 and holds the line on the City's tax rate at .56 cents per one hundred dollar valuation.

Water, Sewer, and Electric rates will remain the same as well. He reviewed the budget highlights and asked Council to read the following budget message:

REGULAR MEETING - MAY 2, 2019

I. **GENERAL FUND**

"The proposed General Fund budget is $11,818,700. The General Fund contains the majority of city services, including public safety, solid waste, street, finance, planning and zoning, recreation, business and community development, and the human resources and city manager/city clerk's office. The General Fund budget as proposed will allow the city to continue providing the level of services that we have provided for our citizens for many years.

The Lincoln County Tax Department is projecting an increase in real property valuations for the City of approximately 11% due to revaluation. Previous tax value decreases from prior revaluations are equal to 6.6 cents in revenue losses. Therefore, I am recommending that the tax rate remain at 56 cents.

The current fiscal year budget estimated sales tax revenue to be $2,900,000. This is a four percent increase over the prior year. For budgeting purposes, I suggest that we adjust the projection to $3,060,000. Another large source of revenue in the General Fund will be franchise tax, which is estimated to be $855,000. Other revenues in the General Fund include contributions for administrative purposes from the Water and Sewer and Electric Funds. We also receive a payment in-lieu of taxes from these funds totaling an approximate $400,000.

The City will continue to receive revenue from ABC sales, concessions from recreation related activities, and a reimbursement for providing a school resource officer to Lincolnton High School and Asbury Learning Center.

It is recommended that the City does not appropriate from the General Fund fund balance. This is a decrease of $660,700 from 2018-19. The City still maintains an adequate fund balance percentage. This represents the first time in many years that fund balance is not being used for operational purposes.

The City implemented a pay and class study in 2016-17 for all employees. In order to remain market competitive, a new study for one-third of employees will be completed each year beginning with the 2019-20 budget. The cost to implement this for the general fund is $182,000.

The capital items recommended in the budget total $1,190,000. The 321 Sidewalk project makes up $400,000 of this amount and is funded through state grants. The Betty Ross Park Flag Football project is $325,000 and is also funded by a state grant. A new garbage truck is included at a cost of $300,000. The remainder of the capital items is for operational equipment and building improvements.

Department heads were asked to identify needs within their respective areas. These items were presented in the budget discussions with Council. In addition to reviewing these requests, I have used a zero based budget approach to reducing operational budget line items $145,000. The resulting budget is a compromise between adjusting line items for requested additional needs versus determined actual needs.

I. OCCUPANCY TAX FUND

The Occupancy Tax fund is no longer included in the City's operating budget and is reported as a component for reporting purposes only. The six member board that was created by City Council has full authority to appropriate the funds as they see fit. All the requirements of the initial enabling legislation are still in effect for the Tourism Authority to comply with.

II. POWELL BILL FUND

The proposed Powell Bill Fund budget is $545,000. These funds will be used to continue our traditional street and sidewalk repairs. A new street sweeper will be purchased at a cost of $250,000. There will remain approximately $396,000 of fund balance in this fund. Powell Bill proceeds continue to be a critical source of state revenue in assisting municipalities meets their street related needs.

III. WATER AND SEWER FUND

The proposed Water and Sewer Fund is $8,616,949. This fund is made up of four departments. These include Water Treatment Plant, Distribution and Collection, Waste Water Treatment Plant, and Intangibles. The water and sewer usage rates will remain the same for 2019-20.

Operational expenditures are increasing $372,400, of which $181,000 is from implementing the pay and class study. A portion of one time capital expenditures will be paid for from the healthy water and sewer fund balance. Revenues are expected to increase slightly for 2019-20. Discussions are also underway with the County for additional water purchases.

The challenge of finding a large water customer for the Water and Sewer fund will continue to be a priority. The city is working with LEDA and the Chamber of Commerce on a regular basis to identify potential customers. There is a requirement to be able to cover operating costs from generated revenues for the Water and Sewer Fund. While there is a healthy fund balance of $5,600,000, this can only be used for capital expenditures.

V. ELECTRIC FUND

The electric fund continues to be very stable due to recent rate restructuring by Electricities. As a result, no change in rates to our customers is recommended

The total proposed Electric Fund is $8,056,350. The projected fund balance is $2,200,000, or 29% of the operating budget.

Please remember that the City made a commitment to the North Carolina Local Government Commission that we will raise rates three percent above the annual rate increase. Based on this, we have a five percent cushion before an adjustment would be mandated. This will be the fifth year in a row that the City has not had to raise electric rates for our customers.

Major expenses in the Electric Fund other than the purchase of electricity, will include smart meters for $300,000, a new line truck for $280,000, transformers for $50,000 and system maintenance at $197,000. The cost to implement the pay and class study is $51,000.

The city continues to have an efficiently operated electric department. Electricities is a very good partnership for the City. The western agency is in a much better financial condition due to restructuring of debt, making the outlook for future rate reductions highly probable. Electricities have provided thousands of dollars in grants to the City for projects such as development of the website and the strategic plan. While electricity is not the revenue generator it was many years ago, I still feel we provide a very reliable service at a reasonable price for our customers. The City was successful a few years ago in persuading the Super Wal-Mart to stay on our system, and we also serve the Hampton Inn. We need to continue to pursue any additional large customers when the opportunity presents itself.

VI. SUMMARY

The budget process this year uses the City's strategic plan as a core for planning present and future needs. Four goals were identified:

1) Improve Infrastructure
2) Employee Benefits
3) Downtown Development
4) Improve Recreational Opportunities

Directors were asked to identify needs, both present and future. A ten year plan is being developed so that long range goals can be identified and monitored as part of the budget process. The budget process was very collaborative, which resulted in helpful dialogue between directors and council members.

The goals listed above are being used as a tool to assist in determining priorities for available funds and to plan for future needs.

On a positive note, savings realized by reorganization have provided opportunities to fund immediate needs as well as planning for the future. I have also used a zero based budget approach in reviewing all line items for possible adjustments.

I want to especially thank the city staff for all of their hard work in assisted with the budget process. They understand the challenges we are facing and have been as conservative as possible in identifying needs. I want to also thank the Mayor and City Council for your support to the city staff. The budget process requires a team that is willing and able to work together. The City is fortunate to have such dedicated employees and leadership.

In conclusion, I am recommending a $29,036,999 operating budget for fiscal year 2019-20 for the City of Lincolnton. This is less than 2018-19 due to major capital projects that were in last year's budget and reductions to the operating expenses in the general fund and enterprise funds.

The budget includes funding to begin the process of working toward meeting the four goals identified as part of the strategic plan. This will be an ongoing challenge. I believe that great strides have been made in providing cost effective services to our citizens.
Steve concluded saying, "I want to personally thank the Mayor and Council for allowing staff the opportunity to participate in such an open budget process."

Steve then reviewed the proposed fee schedule, noting there would be changes to the current Cemetery Rates (lower rate are proposed for both inside outside and cremation niche) Fire Schedule (update to be consistent with the County and State) Local Events Charges (grandfathered events would come off next year and have these events pay the City) Steve said we are considering a flat fee based on calculations of our cost with or without alcohol for each event.

Councilman Eaddy asked what the criteria would be for a signature event. He said, "Can a local business, say Untapped Territory, wanted to do something would they qualify." Steve said if it involves closing a street that cost money, so yes they would.

Mayor and Council thanked everyone, especially Steve for all of the hard work on preparing a budget. The Public Hearing regarding the budget will be held at the June 6, 2019 City Council meeting.

MONTHLY FINANCIAL REPORT & OVERTIME REPORT:

Steve Zickefoose, City Manager, reviewed the following financial report:

DISCUSSION OF EVALUATION OF THE CITY MANAGER:
Mayor Hatley distributed the forms for the annual evaluation of the City Manager. He asked that Council members get the forms back to him no later than Friday, May 10th.

A closed session item will be placed on the June 6th agenda for Council to enter into to discuss personnel. Any action would be taken in regular session.

PUBLIC COMMENT:
Mr. Mike Grayson, of 517 Roberta Avenue, spoke to Council regarding a drug issue on Louise Avenue. City Council said they would ask the Police Department to check into the area identified.

NEWS MEDIA:
There were no questions from the News Media.

ADJOURNMENT:
Councilman Eaddy made the motion unanimously approved to adjourn the meeting.

Council woman White thanked the City, especially the Police and Fire along with Nathan Eurey, Recreation Director for the excellent job they did during the recent storm. She said trees were down all around town, especially in Hollybrook Cemetery. She said the City cleared the debris and cut limbs which allowed funeral services scheduled for the weekend to go as planned, and she and the families really appreciate the hard work it took to get that area cleaned up.

___________________________ ___________________________

DONNA C. FLOWERS, MMC **ED HATLEY**

CITY CLERK **MAYOR**